Majority Whip James E. Clyburn Senator Cory A. Booker

An Act Targeting Resources into Communities in Need

By many measures, the decade since the Great Recession has been the most geographically unequal economic recovery of the modern era: from 2010 to 2016, metropolitan areas with more than one million residents accounted for almost three-quarters of net job creation. And from 2011 to 2015, while the country as a whole added 10.7 million jobs and 310,000 new businesses, 3 in 5 so-called “distressed communities”—places with below average performance across a host of economic metrics—saw job loss, and 4 in 5 saw a decline in business starts.

Disparities between the “haves” and “have-nots” have persisted for generations. Millions of Americans today live in communities without access to high-speed internet, and countless more lack water infrastructure, access to healthcare services, and public transportation—the result of decades of public and private disinvestment. Today nearly 500 counties across the country qualify as “persistent poverty” counties, with a poverty rate of over 20 percent for at least 30 years, and more than 20,000 census tracts have poverty rates greater than 20 percent.

Bill Summary:

Federal economic development programs consider a range of factors when determining how and where to allocate limited dollars. Through smarter, more targeted Federal investment in communities that need the help the most, we can assist high-poverty communities with the foundational elements of high-impact, inclusive economic development.

The bill includes two requirements that federal funding be targeted into communities with high and persistent poverty levels. It applies these requirements to a broad range of federal programs across multiple agencies, accounting for approximately tens of billions of dollars in annual federal spending.

<u>10-20-30 Formula</u>

The “10-20-30 Formula” requires that a minimum of 10% of federal funds of a particular program go to persistent poverty counties, which are defined as counties in which the poverty level has been 20% or higher over the past 30 years.

The formula was successfully applied to three accounts in the American Recovery and Reinvestment Act in 2009, 15 accounts in the omnibus appropriations law for 2017 and 14 for 2018 and 2019. An Act Targeting Resources into Communities in Need expands 10-20-30 to a larger universe of federal programs, ensuring more funds are targeted to persistent poverty counties.

<u>Targeting High-Poverty Census Tracts</u>

To ensure Federal investment reaches *all* high-need communities, including smaller pockets of deep poverty and those communities experiencing more recent economic downturns, the legislation also requires designated federal agencies and programs to target resources to census tracts (a geographic designation significantly smaller than counties) with poverty rates currently exceeding 20 percent. Agencies would be instructed to direct 5 percent more of their funding into high-poverty census tracts, relative to the preceding three years’ average share.